



Report to the Auburn City Council

Action Item

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Agenda Item No.

City Manager's Approval

To: Honorable Mayor and Members of the City Council, Serving as Successor Agency to the Dissolved Auburn Urban Development Authority

From: Robert Richardson, City Manager
Andy Heath, Administrative Services Director

Date: March 26, 2012

Subject: City Council Appointments to Redevelopment Agency Successor Agency's Oversight Committee

The Issue

Shall the City Council appoint a City Council member and a member of City staff to the redevelopment agency successor agency oversight committee board to be created under Health and Safety Code Section 34179 et seq?

Action Requested

It is recommended that the City Council, serving as successor agency to the dissolved Auburn Urban Development Authority, by **RESOLUTION**, appoint a City Council member and the City's Director of Administrative Services to the Successor Agency Oversight Committee pursuant to Health and Safety Code Section 34179(a)(2) and 34179(a)(7), respectively.

Background

On February 1, 2012, redevelopment agencies in the State of California were dissolved and replaced by successor agencies charged with discharging obligations, liquidating assets and conducting other activities necessary to wind down the affairs of the redevelopment agencies in accordance with Health and Safety Code Sections 31470, et seq. Property tax increment will continue to be available to the successor agency for these purposes until all obligations are discharged. State law requires that each successor agency have an oversight committee who will act in a fiduciary role as part of the process of winding down the affairs of the former redevelopment agency.

Analysis

Expenditures of successor agencies and their oversight committees will be based on Enforceable Obligation Payment Schedules approved by each redevelopment agency prior to dissolution, and Recognized Obligation Payment Schedules prepared by successor agencies. Further, the State Department of Finance and Controller's Office will also review actions of successor agencies and oversight boards for compliance with dissolution provisions. The length and complexity of close-out activities of individual successor agencies may vary widely depending on the extent of previously-obligated project activity, amount of debt, size and complexity of redevelopment programs and financing mechanisms, and other factors. In some cases, the oversight boards may exist for many years until obligations are satisfied and final close-out can occur.

It is staff's expectation that the City of Auburn Successor Agency, and by extension, its' Oversight Committee, will have a comparatively light level of activity and not require a substantial commitment of time subsequent to the first couple of meetings. With the winding down the Auburn Urban Development Authority's final project, Streetscape Phase II, all that will remain in terms of enforceable obligations are the pass-through payments to affected agencies, debt service on the redevelopment bond issue and administrative cost components. The Oversight Committee to the City of Auburn Successor Agency will sunset on July 1, 2016, when all oversight committees for a particular county are replaced by a single oversight committee (Health and Safety Code Section 34179(j-k)).

Oversight Committee

The oversight committee will include the following officials, who serve at the pleasure of the appointing authority:

- (1) One member appointed by the County Board of Supervisors;
- (2) One member appointed by the mayor for the City that formed the redevelopment agency;
- (3) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency;
- (4) One member appointed by the county superintendent of education;
- (5) One member appointed by the Chancellor of the California Community Colleges;
- (6) One member of the public appointed by the County Board of Supervisors; and
- (7) One member representing the employees of the former redevelopment agency appointed by the mayor from the recognized employee organization representing the largest number of former agency employees.

With respect to the City of Auburn, the mayor may appoint one member at large and another representing the employees from the recognized employee organization representing the largest number of former agency employees, in this case management, to the Oversight Committee. As such, it is recommended that the City's Director of

Administrative Services be appointed as the employee representative given his involvement with redevelopment fiduciary activities over the past several years.

Letters have been sent to the office of the Placer County Executive, the Placer County Superintendent of Education, the Chancellor of the California Community Colleges, and the Auburn Area Recreation District requesting their appointments to the City of Auburn Successor Agency Oversight Committee.

Oversight Committee Duties

Oversight Committees shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues (Health and Safety Code Section 34179(i)). The Oversight Committee shall direct the successor agency to do all of the following applicable tasks:

- Establish a Recognized Obligation Payment Schedule;
- Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency;
- Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations;
- Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for approval.

Alternatives Available to the Board; Implications of Alternatives

1. By **RESOLUTION**, appoint a City Council member and the City's Director of Administrative Services to the Successor Agency Oversight Committee pursuant to Health and Safety Code Section 34179(a)(2) and 34179(a)(7), respectively. As Successor Agency to the dissolved Auburn Urban Development Authority, the City is required to appoint applicable members to the Successor Agency Oversight Committee.
2. Do not appoint members to the oversight committee. The Governor, in this case, may appoint members if an Oversight Committee position has not been filled by May 15, 2012.

Fiscal Impact

Staff costs associated with participation on the Oversight Committee are recoverable as part of the administrative cost allowance referenced in Health and Safety Code section 34171 (b).

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9 That the City Council of the City of Auburn does hereby appoint
10 Councilmember _____ and the City's Administrative Services
11 Director to the Successor Agency Oversight Committee pursuant to Health and
12 Safety Code Section 34179(a)(2) and 34179 (a)(7), respectively.

15 _____
16 Keith Nesbitt, Mayor

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18 Joseph G. R. Labrie, City Clerk

24 Ayes:
25 Noes:
26 Absent:

27 Joseph G. R. Labrie, City Clerk